

Moultonborough
2015-2016 School Budget
Recommendations and Comments



Advisory Budget Committee

Tuesday, February 10, 2015

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To the Members of the School Board, Superintendent
Moultonborough School District
Moultonborough, New Hampshire 03254

Moultonborough's Advisory Budget Committee (ABC) established in July 2008 is an appointed volunteer body whose mission is to provide the community and governing bodies with independent review and objective analysis of the annual budget. The Committee began its comprehensive review of the 2015-2016 Budget with a full roster of delegates. During the year we welcomed Amanda Bergquist to fill the open member at large position and Linda Murray as an alternate at large.

The Committee continues to express concern related to the changing town demographics. School enrollment has declined from 710 in 2005 to 521 (27%) at present. Enrollment is projected to further decrease an additional 100 students over the next five year period. The ABC would like to draw attention to the efforts undertaken in the past few years by the School Board, Superintendent, Business Manager, Principals and Senior Administration to address the issue of balancing declining enrollment with adequate and appropriate education for all students. These efforts have been reactionary measures to address the annual enrollment decline. This Committee is concerned that declining enrollment has now reached a "tipping" point. We understand that current Administration has begun proactive long-term strategic planning with the assistance from independent professionals. We strongly support these ongoing efforts. It is critical that the community as a whole come together to support the process of addressing strategies that will allow Moultonborough to continue to provide excellent educational opportunities for all children in a cost effective and challenging environment. Change of this magnitude is never easy and will require exploration of both "Innovative" and "Out of the Box" solutions.

The following report represents the independent opinions and suggestions of the majority of the Advisory Budget Committee Members. We note that selected opinions expressed in this report do not carry 100 % Committee support. Opinions and suggestions offered by the ABC represent our best efforts to maximize efficiencies, spending power and to consolidate redundancies between various elements of Town-wide Administration (School, Library, and Town). None of our suggestions or opinions should be viewed as a negative reflection of the dedicated work done by the School Board Members, Superintendent or School Administrative Staff and Teachers.

At the time of publication of this report the Moultonborough School Board and the Moultonborough School Staff Association (MSSA) are in ongoing collective bargaining negotiations. The costs driven by the Collective Bargaining Agreement (CBA) represents approximately 70+ % of the Moultonborough School District Budget. The ABC has reviewed the 2015-2016 School Budget as presented to us without additional costs related to ongoing negotiations by the School Administration and the Collective Bargaining Representatives. We defer final comment on the 2015-2016 Moultonborough School Budget until negotiations are complete.

Budget Summary:

The proposed School Operating Budget for 2015-2016 represents \$14,004,254 as compared to \$14,145,356 for the prior year 2013-2014. This represents decrease of \$141,102. We note that the budget of \$14,022,255 does not include the impact of any costs related to ongoing contract negotiations. The decrease is attributable to \$277,855 in salary related costs due to the partial reduction in force for several staff members due to declining enrollment, \$54,551 reduction in special education out-of-district tuition, and a \$3,000 reduction in vocational education tuition. Offsetting the decreases are additional increases including \$35,000 in costs for substitute teachers (under budgeted in the past few budget cycles), \$40,797 for increased contributions to the NH Retirement System, \$56,077 in increased sped services for the extended school year program, \$11,919 in one-time costs to extend the

current iPad program at the Academy, and \$7,464 in contracted transportation services and \$42,000 as a placeholder for non-contractual salary and benefit increases.

The ABC provides additional observations and comments on the following issues, some of which are repetitive from prior reports. It is the belief of this Committee that they are still valid and ongoing concerns:

OBSERVATIONS & COMMENTS:

Salaries & Benefits: As noted above, at the time of this report, contract negotiations are ongoing. The costs driven by the Collective Bargaining Agreement represents approximately 70+ % of the Moultonborough School District Budget. These costs are primarily salary and benefits related. The ABC will issue a separate report addressing costs associated with the contract at a later date.

Course curriculum: Moultonborough's economically diverse population and high property tax base affords us a unique opportunity to provide, for all our children, a level of education that most other communities of similar size in the State find cost prohibitive. The Town will again vote to spend approximately \$14,000,000 to educate our children during the 2014-2015 school-year. With the resources available to this Town, our parents and children should expect and receive a world class education.

The ABC commends and supports the efforts undertaken by the Moultonborough Central School over the past three years to realign their schedule with major emphasis on "Core Curriculum". "Core Curriculum" at the elementary level is the foundation that all future higher learning is based on.

The committee supports the current efforts underway at the Academy to alternate some courses biannually and consolidate classes where feasible. The ABC is disappointed to learn that last year's addition of a technology education based offering "STEM" has been dropped from the curriculum. We understand that the Administration is exploring STEM related alternatives to be included in the 2015-2016 course offering. To be competitive in today's economy one needs a solid foundation in Math, Science and Technology or be highly skilled in a vocational trade.

The Committee notes that the Region 9 Lakes Region Technology Center in Wolfeboro offers vocational education courses to MA students in the following subject areas: Administrative Business and Office Systems, Agricultural Science I and II, Automotive Science I and II, Auto Collision repair, Child Care I and II, Construction Trades I and II, Culinary arts I and II, Health Science and Technology I and II, Computer Network systems I and II, Marketing Education I and II, Hospitality Education I and II, Multimedia Communications I and II. The program is designed to have all students upon graduation either enrolled in higher education or immediately ready to enter the skilled workforce. It is our opinion that this is a world class program. These programs while made available to MA students are not widely attended. We are disappointed to see the 2015-2016 budget for vocational education reduced. We understand that the reduction, in part, is due to declining enrollment. However, we continue to believe that all students should be strongly counseled to avail themselves of maximum participation in these vocational offerings. We understand that Moultonborough is limited by formula to the number of students that can participate, however this program is currently underutilized. We are encouraged to learn that there is a new effort underway at the Academy to introduce and emphasize the value of this program to all MA students and parents at an eighth grade level versus the current High School level. We strongly support this effort. We are disappointed that these programs are not more widely attended. We believe every student not bound for higher education and others with a particular interest in a specific vocational skill should be fully engaged in this program.

We have reviewed the current Academy course offerings in detail and continue to believe that non-core educational courses should be offered as afterschool co-curricular programs. We believe that by selectively eliminating these courses the Administration could use the existing resources to offer more Math, Science and Technology courses. Students presently enrolled in the non-core educational courses would have the option to either take the newly offered Math, Science and Technology offerings or take further advantage of the Vocational opportunities in Wolfeboro.

We understand that the Administration's reluctance to move non-core offerings to after school co-curricular is a concern that with declining enrollment, increased after school co-curricular activities could detract from athletic participation. With a limited and declining enrollment it becomes a challenge to provide an adequate depth of educational opportunities that will prepare all students to either productively enter the workforce or seek higher education. Part of an effective education is learning to make choices in life.

Staffing levels: As mentioned above the Board and Administration have undertaken a significant effort to address the issue of balancing declining enrollment with adequate and appropriate education for all students. While enrollments continue to decline, teacher staffing will continue to become increasingly complex and challenging.

Estimating when the decline will level off (the projected future "normal") is critical to the long term success of the decisions currently being made. We understand that current Administration has begun proactive long-term strategic planning with the assistance from independent professionals. We strongly support these ongoing efforts.

We encourage continuation of the current approach to evaluate alternatives. We support the efforts currently underway to alternate courses between years, combine classes, and seriously evaluate "Distance Learning" with our neighbors at Interlakes and Kingswood. Distance Learning has been effective at the college and university level for 15 + years. We further note that "Distance Learning" does not have to be restricted to our neighboring towns. In many cases "Distance Learning" would provide the students with the opportunity to interact with a large and intellectually diverse student body. This atmosphere will be aligned with the college experience many will encounter post high school graduation. As an alternative to Distance Learning, we suggest the administration explore joint contractual arrangements for certain faculty with neighboring school districts.

The ABC continues to suggest that emphasis be placed on hiring teachers who are certified to teach several different courses. If the present trend of smaller classes for certain elective courses continue, it is incumbent on the Administration to have maximum flexibility for assigning teachers to a wider range of subjects. This approach would allow as many courses as possible being offered with minimal staff reductions. It is also recommended that existing teachers continue to become certified in additional subjects. All future academic hires at MA should be certified in a minimum of two subjects. The committee notes that some of the Advanced Placement (AP) courses are offered with minimal enrollments. These same courses are offered without the A/P accreditation to a wider audience. We have suggested in our past reports that one option might be to explore whether the two courses could be combined into one class with different expectations and curriculum requirements for each group. We are encouraged to see that this suggestion has been put in place this past year on a limited basis.

Technology Education: While this Committee supports the concept of the 21st Century Classroom we believe emphasis needs to be placed on 21st Century Technology Education. 21st Century Classrooms are a component in a well-defined Technology Education program; not the end product.

As mentioned earlier in this report, we are disappointed to learn that last year's program offering titled "**Real World Design Challenge**" has been discontinued. We continue to believe that the district needs to turn its focus to technology education. We feel strongly that there is a great opportunity to integrate problem solving skills with technology. We strongly encourage the Administration to develop additional or similar opportunities.

The Committee suggests the Administration convene a Technology Committee for the purpose of exploring technology education. The Administration and ABC are in agreement that the new committee may require a separate and distinct skill set from the Technology Committee charged with the 21st Century Classrooms. A successful technology education program will require continued support and close coordination with the existing Technology Committee overseeing the implementation of the 21st Century Classrooms.

Reserves: The District maintains a Special Reserve Fund for building and grounds projects. The balance in this fund as of June 30, 2014 represented \$489,566. The ABC believes the balance in this fund to be adequate to cover ongoing needs.

In addition, the District maintains a Health Self Insurance Fund. The District purchases a high deductible health insurance policy, and self-insures a portion of the deductible. The balance in this fund at June 30, 2014 was \$572,439. Over the past few years the District has been encouraging employees to migrate from the traditional Blue Cross Comp 1000 partially self-insured Health Plan to less costly options currently being offered. Currently this reserve is being utilized to offset a portion of the District's rising health costs. This Reserve will utilize \$86,000 to cover increased premium costs in the current year and \$50,000 of premium costs in the proposed 2015-2016 budget. While the ABC believes this is an appropriate and effective use of "excess dollars" that may reside in this fund, we caution that each year the District continues to fund health insurance premium increases through this fund, the amounts needed to subsidize the annual increases become cumulative. At some point there will not be sufficient dollars in the reserve fund to cover this cumulative increase. At that point the District will be looking to absorb this cost in the general operating budget. The committee does not want the taxpayer to lose sight of the potential future budget impact of this practice.

The District maintains a reserve for unanticipated special education costs. As the School District is on a June 30 fiscal year end the budgets are actually prepared 18 months in advance of current spending. It is difficult for the Administration to anticipate the specialized education needs and potential special education enrollment that far in advance. At June 30, 2014 the balance in this reserve was \$308,606.

Human Resource Professional – We continue to advocate that the combined Community, (Town, School, Library) should hire a Municipal Human Resource professional. Combined Municipal (School, Town, Library) employees approximate 210 full time employees and 400 including seasonal, part time, coaches, substitute teachers, etc. In most organizations of this magnitude you would find at least one Human Resource professional. Given the mix of union and non- union employees, the litigious society we live in and the increasing social and employee benefit program mandates coming from Washington as well as State & Local governments; the Committee suggests that it may be time to evaluate the feasibility to add a Municipal Human Resource professional that could assist with employee policy development, training, employee issues (contract and non-contract) and interpretation and implementation of ever changing employee benefit regulations. We believe that the benefits generated by the expertise of this position over the course of a few years would outweigh the added cost of the position. We understand that the Administration may feel that they cannot support this added position as the District is constricting versus expanding. The ABC would like to suggest that given the current challenges the District faces as it explores alternatives for the future, this is the ideal time to engage in this level of expertise.

Conclusion:

Looking beyond the immediate dollar impact of the next twelve months operating budget it is our observation that the major issue facing this School District is the continued decline of student enrollment. The Committee strongly believes the continued enrollment decline and changing demographics will in the near term have a serious impact on Moultonborough's ability to continue (under its present mode of operation) to provide excellent educational opportunities for all children in a cost effective and challenging environment. The ABC believes this is a Town-wide issue. This Committee believes enrollment level and related projections for the foreseeable future have hit a critical level. We believe the Town Select Board and the School Board should join with Community Leaders in continuing to seek professional guidance to adopt a proactive approach toward formulating long term contingency plans to address the impact of declining enrollment on future educational opportunities for the children of this District. Change of this kind can be difficult. The ultimate goal is to provide the most valuable education we can to our students. In order to accomplish this goal it is imperative that the entire community work together in an open and cooperative manner to support the efforts currently undertaken to enhance the education of our children.

Respectfully submitted,

Jean Beadle, Chair – ABC

Moultonborough Advisory Budget committee

Members:	Alan Ballard	(Member at Large)
	Jean Beadle	(Member at Large)
	Amanda Bergquist	(Member at large)
	Linda Murray	(Alternate at Large)
	Kathy Garry	(School Board Representative)
	Barbara Sheppard	(Library Trustee Representative)
	Chris Shipp	(Select Board Representative)